

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY TO ADJUST)	CASE NO. 91-370
ELECTRIC RATES)	

O R D E R

This matter arises upon the November 13, 1992 filing by The Union Light, Heat and Power Company ("ULH&P") of a plan to refund the difference between electric rates in effect subject to refund from May 5, 1992 through October 28, 1992 and final electric rates approved and made effective as of October 29, 1992. This was the second refund plan filed by ULH&P in this docket. The first plan, which provided customer refunds based on actual prior consumption, was rejected by the Commission's October 29, 1992 Order for failing to make the refunds within 60 days as required by KRS 278.190(4). Except for its non-compliance with the 60 day time limit, the earlier refund plan was generally appropriate.

In its latest plan, ULH&P has not only changed the timetable to make refunds within 60 days, but also has changed the method of calculating the refunds. ULH&P now proposes to utilize a single percentage reduction for all customers and apply the refunds via a single refund factor to all customers' December energy usages. The Commission finds this proposal to be unreasonable. Such an approach does not accurately reflect individual customers' overpayments under the rates in effect subject to refund, nor does

it recognize the differences in the rate structures of ULH&P's various customer classes. For these reasons, this latest refund plan must be rejected.

The Commission further finds that time is of the essence in refunding overpayments of this nature to customers. ULH&P has been given two opportunities to file refund plans and both plans have been unreasonable. There is no just reason to delay refunds further. Consequently, the Commission will fashion a refund plan by combining the reasonable portions of ULH&P's two plans. Thus, the refunds due customers should be based on each customer's actual usage from May 5, 1992 through October 28, 1992, and should be made with interest within 60 days of the date of this Order. The refunds shall be made as a one-time credit to the bills of current customers and by check to customers that have discontinued service since May 5, 1992. The rate of interest shall be the average of the Three-Month Commercial Paper Rate for the 12 months immediately preceding the date of this Order.

Within 90 days of the date of this Order, ULH&P shall file a refund report which shows the amounts refunded to each rate class and the derivation of those amounts. This derivation should show by class the billing determinants and the amounts billed for the period from May 5, 1992 through October 28, 1992 and the calculated amounts that would have been billed for that period under the rates made effective October 29, 1992. This derivation should also show the amount of interest paid to each customer class using the interest rate prescribed herein.

IT IS THEREFORE ORDERED that:

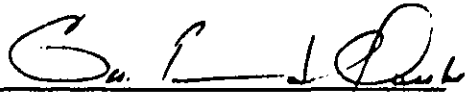
1. ULH&P's request for approval of the tendered refund plan be and it hereby is denied.

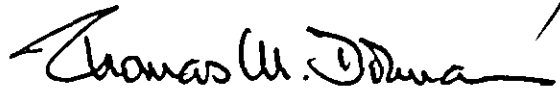
2. ULH&P shall refund, with interest as provided for herein, for the period May 5, 1992 through October 28, 1992 all charges collected in excess of the rates approved by the Commission's Order of October 29, 1992. The refunds shall be based on each customer's actual usage between May 5, 1992 and October 28, 1992 and shall be made within 60 days of the date of this Order by a one-time credit to current customers' bills and by a check to former customers.

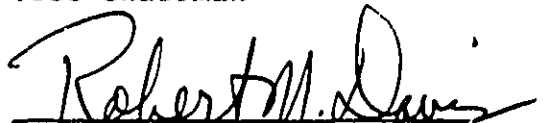
3. Within 90 days of the date of this Order, ULH&P shall file its report of the amounts refunded to its customers pursuant to this Order.

Done at Frankfort, Kentucky, this 25th day of November, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director